

# **EXHIBIT 2**

**From:** [Damon Wright](#)  
**To:** [O'Connor, Kirstin \(USAVAE\)](#)  
**Cc:** [Clair Wischusen](#)  
**Subject:** [EXTERNAL] Fw: Community Associations Institute White Paper to Support Community Associations Exemption from Corporate Transparency Act  
**Date:** Wednesday, September 25, 2024 3:28:28 PM  
**Attachments:** [image001.png](#)  
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[image480493.png](#)  
[image033741.png](#)  
[CAI CTA and Community Associations White Paper Final .pdf](#)

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Kirstin,

Hope all is well. Please see the attached and correspondence below. Feel free to reach out anytime if you'd like to discuss. Thanks,

**DAMON W.D. WRIGHT**

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**Sent:** Wednesday, September 25, 2024 3:11:22 PM

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**Subject:** Community Associations Institute White Paper to Support Community Associations Exemption from Corporate Transparency Act

Dear Michael Dobson, Dana DuBovis, Timothy Johnson, Kathy Murphy, Jacob Thiessen, and Ripley Quinby,

On behalf of the 47,000 members of the Community Associations Institute (CAI), the only international entity representing condominium associations, homeowners associations, and housing cooperatives across the United States, thank you for your correspondence dated July 25, 2024, regarding community associations and the beneficial ownership interest

reporting requirements outlined in the Corporate Transparency Act (CTA) and Anti-Money Laundering (AML) Act of 2021. To assist FinCEN with its further review of the status of community associations under the CTA, we wish to transmit a comprehensive white paper which illustrates both the potential negative impact of CTA requirements on community associations, and the supporting data and statutory references justifying exemption for community associations.

A survey of members was conducted from July 29 through September 18, 2024, in which 951 individuals detailed their concerns about the impact the Corporate Transparency Act would have on their communities. Of the respondents, 86% self-identified as community association board or committee members, in other words, homeowners. Additionally, CAI conducted research on the existing state statutes related to community association disclosure and audits, and requirements at the state level for audits and disclosure for nonprofit organizations.

The white paper presents, using this information, a look into the actual scope of existing statutory safeguards and industry best practices that currently protect homeowners in community associations, and help underscore little opportunity exists for the type of money laundering and terrorist financing that the CTA is designed to combat. Community associations are nonprofit organizations under Section 528(a) of the Internal Revenue Code, 26 U.S.C. § 528(a). Section 528(a) states that “[a] homeowners association shall be considered an organization exempt from income taxes for the purpose of any law which refers to organizations exempt from income taxes.” 26 USC § 528(a). As will be demonstrated in the white paper, reading Section 528(a) together with the existing nonprofit organization exemption of the CTA, community associations are functionally the same as the 501(c) organizations currently excluded from the CTA’s reporting requirements, and should be treated as such.

According to the [Foundation for Community Association Research](#), the authoritative source in our field, there are approximately 75.5 million Americans residing in more than 365,000 community associations nationwide. These associations range from two-unit condominiums to large-scale associations with thousands of homes. Many of these associations have fewer than 50 homeowners and are self-managed by volunteers who are not aware of their obligations under the Act. The consequences for these millions of Americans caught up under the enforcement umbrella of the CTA would be stunning and disproportionate to community association activities.

We hope that the information presented in the white paper is of assistance as FinCEN continues to evaluate the use of its rulemaking authority granted under the CTA to clarify an exemption for community associations. CAI and its members appreciate your time and attention to this matter and welcome the opportunity to engage in further dialogue to address any concerns or provide additional information to aid understanding of the unique position of community associations.

Please contact Dawn M. Bauman, CAE, CAI’s chief strategy officer at [dbauman@caionline.org](mailto:dbauman@caionline.org) or (703) 867-5588 anytime with questions or comments.

Sincerely,



Thomas M. Skiba, CAE  
Chief Executive Officer

**Dawn M. Bauman, CAE (she/her/hers)**

*Chief Strategy Officer* | Community Associations Institute

*Executive Director* | Foundation for Community Association Research



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